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11 Attorneys for Defendant
12 COMPOUND LABS, Inc.

13
14 UNITED STATES DISTRICT COURT
15 CENTRAL DISTRICT OF CALIFORNIA
16

17 ARIF AKHTAR,
18 Plaintiff,
19 v.
20 COMPOUND LABS, INC.,
COMPOUNDDEFI, INC.,
21 and DOES 1-9,
22 Defendant.

Case No. 2:23-cv-07440

**DEFENDANT COMPOUND LABS,
INC.'S ANSWER TO PLAINTIFF'S
FIRST AMENDED COMPLAINT
AND AFFIRMATIVE DEFENSES**

Demand for Jury Trial

1 Defendant Compound Labs, Inc. (“Compound Labs”) hereby answers the
 2 allegations of Arif Akhtar (“Plaintiff”), as follows:

3 1. As to Paragraph 1, Defendant lacks knowledge on which to confirm or
 4 deny assertions regarding Plaintiff’s residency, and on this basis denies them. The
 5 remaining allegations in Paragraph 1 call for a legal conclusion to which no
 6 response is required. To the extent a response is required, Defendant denies the
 7 allegations.

8 **FACTS AND PROCEDURAL HISTORY**¹

9 2. As to Paragraph 2, these statements are legal conclusions to which no
 10 response is required. To the extent a response is required, Defendant denies the
 11 allegations.

12 3. As to Paragraph 3, these statements are legal conclusions to which no
 13 response is required. Defendant denies remaining allegations in Paragraph 3.

14 4. As to Paragraph 4, these statements are legal conclusions to which no
 15 response is required. To the extent a response is required, Defendant denies the
 16 allegations.

17 5. Defendant lacks knowledge on which to confirm or deny assertions
 18 regarding Plaintiff’s monetary losses, and on that basis denies them. As to the
 19 remainder of Paragraph 5, these statements are legal conclusions to which no
 20 response is required. To the extent a response is required, Defendant denies the
 21 allegations.

22 6. As to Paragraph 6, these statements are legal conclusions to which no
 23 response is required. To the extent a response is required, Defendant denies the
 24 allegations.

25
 26 ¹ The headings in this Answer are Plaintiff’s. Defendant repeats Plaintiff’s headings for
 27 convenience only. References in this Answer to “Paragraphs” are to paragraphs in Plaintiff’s
 28 Complaint. In Plaintiff’s First Amended Complaint (“FAC”), paragraphs beyond Paragraph 33
 are not numbered consecutively. For ease of reference, Defendant has continued consecutive
 numbering throughout the remainder of Plaintiff’s FAC.

1 7. As to Paragraph 7, these statements are legal conclusions to which no
2 response is required. To the extent a response is required, Defendant denies the
3 allegations.

4 8. As to Paragraph 8, these statements are legal conclusions to which no
5 response is required. To the extent a response is required, Defendant denies the
6 allegations.

7 9. As to Paragraph 9, these statements are legal conclusions to which no
8 response is required. To the extent a response is required, Defendant denies the
9 allegations.

10 10. As to Paragraph 10, these statements are legal conclusions to which no
11 response is required. To the extent a response is required, Defendant denies the
12 allegations.

13 11. As to Paragraph 11, these statements are legal conclusions to which no
14 response is required. To the extent a response is required, Defendant denies the
15 allegations.

16 12. Defendant lacks knowledge on which to confirm or deny assertions
17 that Plaintiff had his currency taken, and on that basis denies them. As to the
18 remainder of Paragraph 12, these statements are legal conclusions to which no
19 response is required. To the extent a response is required, Defendant denies the
20 allegations.

21 13. Defendant denies that Plaintiff has electronic records of Plaintiff's
22 assets where Defendant had control. The remaining allegations in Paragraph 13 are
23 legal conclusions to which no response is required. To the extent a response is
24 required, Defendant denies the allegations.

25 14. As to Paragraph 14, these statements are legal conclusions to which no
26 response is required. To the extent a response is required, Defendant denies the
27 allegations.
28

15. As to Paragraph 15, these statements are legal conclusions to which no response is required. To the extent a response is required, Defendant denies the allegations.

16. As to Paragraph 16, these statements are legal conclusions to which no response is required. To the extent a response is required, Defendant denies the allegations.

17. As to Paragraph 17, these statements are legal conclusions to which no response is required. To the extent a response is required, Defendant denies the allegations.

INTRODUCTION

18. As to Paragraph 18, Defendant denies all allegations. Defendant denies any interaction or association with Plaintiff.

19. As to Paragraph 19, Defendant denies all allegations.

20. As to Paragraph 20, these statements are legal conclusions to which no response is required. To the extent a response is required, Defendant denies the allegations.

21. As to Paragraph 21, these statements are legal conclusions to which no response is required. To the extent a response is required, Defendant denies the allegations.

22. As to Paragraph 22, the document referenced and excerpted in this paragraph speaks for itself. To the extent a response is required, Defendant denies the allegations.

23. As to Paragraph 23, these statements are legal conclusions to which no response is required. To the extent a response is required, Defendant denies the allegations.

24. Defendant denies the allegation that it made any promises to Plaintiff. As to the executive order referenced in this paragraph, the document speaks for

1 itself. To the extent a response is required, Defendant denies the remaining
2 allegations.

3 25. As to Paragraph 25, these statements are legal conclusions to which no
4 response is required. To the extent a response is required, Defendant denies the
5 allegations.

6 26. Defendant lacks knowledge on which to confirm or deny Plaintiff's
7 statements about the loss of his investment, and on this basis denies them. As to the
8 remaining allegations in Paragraph 26, these statements are legal conclusions to
9 which no response is required. To the extent a response is required, Defendant
10 denies the allegations.

11 27. As to Paragraph 27, Defendant denies all allegations. The website
12 referenced by Plaintiff is not and has never been associated with Defendant.

13 28. As to Paragraph 28, Defendant denies all allegations.

14 29. As to Paragraph 29, these statements are legal conclusions to which no
15 response is required. To the extent a response is required, Defendant denies the
16 allegations.

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18 **JURISDICTION AND VENUE**

19 30. As to Paragraph 30, these statements are legal conclusions to which no
20 response is required. To the extent a response is required, Defendant denies the
21 allegations.

22 31. As to Paragraph 31, these statements are legal conclusions to which no
23 response is required. To the extent a response is required, Defendant denies the
24 allegations.

25 32. Defendant admits that it maintains physical corporate headquarters in
26 San Francisco, California. As to the remainder of Paragraph 32, these statements
27
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1 are legal conclusions to which no response is required. To the extent a response is
2 required, Defendant denies the allegations.

3
4 **FACTUAL ALLEGATIONS**

5 33. Defendant denies the allegations in Paragraph 33.

6 34. Defendant denies the allegations in Paragraph 34.

7 35. As to Paragraph 35, Defendant denies that it authored, published, or
8 has any affiliation with the website found at the URL <https://compounddefi.vip>. As
9 to the contents of the website, the website speaks for itself. Defendant lacks
10 knowledge on which to confirm or deny whether the website is still operational, and
11 on that basis, denies the statement regarding the website not being operational since
12 the end of 2022.

13 36. As to Paragraph 36, Defendant denies the allegation.

14 37. As to Paragraph 37, Defendant denies the allegations.

15 38. As to Paragraph 38, Defendant denies the allegations.

16 39. Defendant lacks knowledge on which to confirm or deny Plaintiff's
17 assertions about his losses, and on this basis denies them. As to the remainder of
18 Paragraph 39, Defendant denies the allegations.

19 40. As to Paragraph 40, this statement is a legal conclusion to which no
20 response is required. To the extent a response is required, Defendant denies the
21 allegation.

22 **FIRST CAUSE OF ACTION**

23 **BREACH OF CONTRACT**

24 Because this claim has been dismissed, Defendant need not answer
25 Paragraphs 41 through 48.
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1 **SECOND CAUSE OF ACTION**

2 **BREACH OF THE COVENANT OF GOOD FAITH & FAIR DEALING**

3 Because this claim has been dismissed, Defendant need not answer
4 Paragraphs 49 through 51.

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6 **THIRD CAUSE OF ACTION**

7 **UNJUST ENRICHMENT**

8 52. As to Paragraph 52, this statement is a legal conclusion to which no
9 response is required. To the extent a response is required, Defendant denies the
10 allegation.

11 53. As to Paragraph 53, this statement is a legal conclusion to which no
12 response is required. To the extent a response is required, Defendant denies the
13 allegation.

14 54. As to Paragraph 54, this statement is a legal conclusion to which no
15 response is required. To the extent a response is required, Defendant denies the
16 allegation.

17 55. As to Paragraph 55, this statement is a legal conclusion to which no
18 response is required. To the extent a response is required, Defendant denies the
19 allegation.

20 **FOURTH CAUSE OF ACTION**

21 **FRAUD**

22 Because this claim has been dismissed, Defendant need not answer
23 Paragraphs 56 through 62.
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FIFTH CAUSE OF ACTION

CONVERSION

63. As to Paragraph 63, this statement is a legal conclusion to which no response is required. To the extent a response is required, Defendant denies the allegation.

64. As to Paragraph 64, this statement is a legal conclusion to which no response is required. To the extent a response is required, Defendant denies the allegation.

65. As to Paragraph 65, this statement is a legal conclusion to which no response is required. To the extent a response is required, Defendant denies the allegation.

66. As to Paragraph 66, this statement is a legal conclusion to which no response is required. To the extent a response is required, Defendant denies the allegation.

SIXTH CAUSE OF ACTION

PROMISSORY ESTOPPEL

Because this claim has been dismissed, Defendant need not answer Paragraphs 67 through 72.

AFFIRMATIVE DEFENSES

Pursuant to Federal Rule of Civil Procedure 8(c), Defendant, without waiver, limitation, or prejudice, and without conceding that it bears the burden of proof or production, hereby asserts the following defenses. In doing so, Defendant states that it presently has insufficient knowledge or information to determine whether it may have additional, as yet unstated defenses. Defendant reserves the right to add, delete or modify its defenses as appropriate. Defendant has not knowingly and intentionally waived any applicable defenses.

First Defense

Plaintiff's claims are barred in whole or in part because the First Amended Complaint and the purported causes of action contained therein fail, in whole or in part, to state a claim for which relief can be granted.

Second Defense

Plaintiff's claims are barred in whole or in part because any alleged damages that Plaintiff suffered, were caused by independent, intervening, and/or superseding events that were beyond Defendant's conduct, control, or policies.

Third Defense

Defendant disclaims any duplicative damages that could result in double recovery for Plaintiff.

Fourth Defense

Plaintiff has suffered no recoverable damages.

Dated: January 24, 2024

BEN AU
Orrick, Herrington & Sutcliffe LLP

By: /s/ Ben Au
BEN AU
Attorneys for Defendant